



//KHARA HAIS MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 JUNE 2011

//KHARA HAIS MUNICIPALITY

Annual Financial Statements For the Year Ended 30 June 2011

GENERAL INFORMATION

MEMBERS OF COUNCIL

LA Koloï	Mayor
T Basson	Speaker
M Kock	Member of Executive Committee
M Segede	Member of Executive Committee
JL Snyman	Member of Executive Committee
J Thomas	Member of Executive Committee
MM Abels	Councillor
E Allies	Councillor
M Andreas	Councillor
J Assegaaï	Councillor
MG Brand	Councillor
PJ Brandt	Councillor
K de Wee	Councillor
R George	Councillor
J Isaacs	Councillor
E Lebitsa	Councillor
SP May	Councillor
E Mnyaka	Councillor
J Moya	Councillor
D Ntlanganiso	Councillor
M Plaaitjies	Councillor
IISS Selborne	Councillor
PT van der Steen	Councillor
AJ van Rooyen	Councillor
A van Wyk	Councillor
I van Wyk	Councillor
JM van Wyk	Councillor

Municipal Manager: Willem JB Engelbrecht

Chief Financial Officer: Jacques Carstens

Grading of Local Authority: Grade 3

Auditors: Auditor-General (Northern Cape)

Bankers: ABSA Bank Ltd

//KHARA HAIS MUNICIPALITY

Annual Financial Statements For the Year Ended 30 June 2011

GENERAL INFORMATION

Registered Office:

Physical Address:

Civic Centre
Market Street
Upington
8800

Postal Address:

Private Bag X6003
Upington
8800

Telephone number:

(054) 338 7000

Fax number:

(054) 338 7350

Website:

www.kharahais.gov.za

Email Address:

manager@kharahais.gov.za

//KHARA HAIS MUNICIPALITY

Annual Financial Statements For the Year Ended 30 June 2011

GENERAL INFORMATION

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 53, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date signed

//KHARA HAIS MUNICIPALITY

Annual Financial Statements For the Year Ended 30 June 2011

INDEX	
	Page
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in Net Assets	3
Cash Flow Statement	4
Accounting Policies	5 - 18
Notes to the Annual Financial Statements	19 - 47
Appendix A: Schedule of External Loans	48
Appendix B: Analysis of Property, Plant and Equipment	49
Appendix C: Segmental Analysis of Property, Plant and Equipment	50
Appendix D: Segmental Statement of Financial Performance	51
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	52
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	53



// KHARA HAIS MUNICIPALITY

STATEMENT OF FINANCIAL POSITION

at 30 June 2011

	Note	2011 R	2010 Restated R	2010 Audited R
ASSETS				
Non-current assets		2 271 775 290	2 379 490 768	173 466 333
Property, plant and equipment	1.1	2 087 617 953	2 197 392 470	173 461 453
Intangible assets	1.2	2 105 656	3 244 627	-
Investment Property	1.3	182 048 791	178 848 791	-
Non-current receivables	2	2 889	4 879	4 879
Current assets		48 801 252	54 529 654	50 757 130
Inventory	3	4 705 116	3 784 638	3 784 638
Trade receivables from exchange transactions	4	25 461 750	17 683 229	21 072 322
Trade receivables from non-exchange transactions	4	2 729 017	3 389 093	-
Other receivables	5	3 819 591	3 205 439	3 205 439
Short term investments	6	5 763 131	5 705 193	5 705 193
Cash and cash equivalents	7	6 299 813	20 749 320	16 976 796
Current portion of receivables	2	22 834	12 742	12 742
TOTAL ASSETS		2 320 576 542	2 434 020 421	224 223 463
NET ASSETS AND LIABILITIES				
Non-current liabilities		116 837 935	84 679 674	61 213 839
Non-current borrowings	8	70 206 788	58 729 806	58 729 806
Trust accounts	9	3 011 929	2 484 032	2 484 032
Non-current Provisions	10	43 619 218	23 465 835	-
Current liabilities		58 544 332	47 842 967	103 642 030
Current portion of borrowings	8	6 555 474	3 652 953	3 652 953
Employee Benefits	10	-	-	58 313 901
Consumer deposits	11	5 787 435	4 619 726	4 619 726
Provisions	12	1 179 129	1 393 718	8 192 644
Trade and other payables	13	21 167 167	20 384 271	14 843 030
Unspent conditional grants and receipts	14	18 887 167	11 064 264	11 064 264
VAT payable	15	3 600 405	2 955 512	2 955 512
Bank Overdraft	16	1 367 555	3 772 523	-
Net assets		2 145 194 275	2 301 497 781	59 367 594
Reserves		-	-	105 184 470
Accumulated surplus / (deficit)	17	2 145 194 275	2 301 497 781	(45 816 876)
TOTAL NET ASSETS AND LIABILITIES		2 320 576 542	2 434 020 421	224 223 463



//KHARA HAIS MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

	Note	2011 R	2011 Budget R	2010 Restated R	2010 Audited R
Revenue					
Property rates	18	39 471 694	39 449 041	35 997 340	35 997 340
Service charges	19	212 551 959	215 341 109	173 988 156	174 205 566
Rental of facilities and equipment		4 403 694	4 764 554	5 754 012	5 789 714
Interest earned - external investments		855 919	2 000 000	2 428 468	2 449 523
Interest earned - outstanding receivables		2 122 737	2 085 518	1 790 639	1 790 639
Fines		1 385 582	1 551 393	1 000 858	987 645
Licences and permits		1 554 264	1 466 478	1 231 815	1 195 127
Income for agency service		3 074 867	3 003 953	2 830 149	2 830 149
Employee housing		101 390	91 813	88 976	88 976
Government grants and subsidies - Operating	20	81 733 419	82 888 509	70 321 800	79 501 170
Government grants and subsidies - Capital		8 719 046	-	9 179 370	-
Other income	21	3 161 394	2 599 656	2 891 481	2 667 217
		359 135 964	355 242 024	307 503 064	307 503 064
Less: Revenue forgone		(1 367 542)	(1 434 403)	(1 027 132)	(1 027 132)
TOTAL REVENUE		357 768 423	353 807 621	306 475 932	306 475 932
Expenses					
Employee related costs	22	139 826 305	132 703 707	107 417 985	107 922 375
Remuneration of councillors	23	5 333 590	5 223 637	4 976 992	4 976 992
Contributions to provisions - Bad debts	24.1	783 503	530 000	2 948 959	2 948 959
Contributions to provisions - Other	24.1	21 816 183	-	609 804	25 554
Collection cost		162 850	201 400	152 400	152 400
Depreciation and amortisation expense		141 354 463	22 665 224	110 882 403	15 769 700
Repairs and maintenance		10 439 400	11 410 002	8 435 719	8 435 719
Finance costs	25	7 594 126	6 544 510	6 610 503	6 597 507
Bulk purchases	26	79 407 736	79 812 866	62 455 752	62 455 752
Contracted services		12 439 382	11 928 569	7 925 058	5 119 065
Grants and subsidies paid	27	855 409	626 100	590 456	574 176
Operating projects	28	34 839 341	38 173 272	32 292 366	32 292 366
General expenses	29	59 337 598	58 586 100	49 590 478	52 505 609
TOTAL EXPENSES		514 189 887	368 405 387	394 888 876	299 776 173
Gain / (loss) on sale of assets		48 193	50 000	70 935	70 935
SURPLUS / (DEFICIT) FOR THE YEAR	17	(156 373 271)	(14 547 766)	(88 342 009)	6 770 694

//KHARA HAIS MUNICIPALITY



Statement of Changes in Net Assets for the Year Ended 30 June 2011

	Accumulated Surplus / (Deficit)	Total
	R	R
2010		
Balance at 1 July 2009	52 668 123.47	52 668 123.47
Correction of Error (Prior Year)	35 903 275.26	35 903 275.26
Change in Accounting Policy - GRAP 17	2 300 097 840.93	2 300 097 840.93
Restated Balance	2 388 669 239.66	2 388 669 239.66
Other Transfers	(71 223.75)	(71 223.75)
Surplus / (Deficit) for the Year	(88 342 008.61)	(88 342 008.61)
Reserves Utilised in Operating	-	-
Balance at 30 June 2010	2 300 256 007.30	2 300 256 007.30
2011		
Correction of Error (Prior Year)	1 241 773.63	1 241 773.63
Restated Balance	2 301 497 780.93	2 301 497 780.93
Other Transfers	69 765.56	69 765.56
Surplus / (Deficit) for the Year	(156 373 271.11)	(156 373 271.11)
Balance at 30 June 2011	2 145 194 275.38	2 145 194 275.38

//KHARA HAIS MUNICIPALITY



Cash Flow Statement for the Year Ended 30 June 2011

	Note	2011 R	2010 R
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating receipts for the year		357 816 616	297 367 497
Operating payments for the year		351 109 731	271 863 526
Net Cash flow from operating activities		<u>6 706 884</u>	<u>25 503 971</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Property, Plant and Equipment		(33 313 416)	(28 179 345)
Proceeds on Disposal of Property, Plant and Equipment		48 193	70 935
Purchase of Intangible assets		-	-
Purchase of Capital assets under inventory		(327 560)	-
Decrease / (Increase) in Call Investment Deposits		(57 938)	(5 705 193)
Decrease / (Increase) in Non-Current Receivables		(8 101)	40 632
Increase / (Decrease) in Trust Accounts		527 896	(89 791)
Net Cash From Investing Activities		<u>(33 130 926)</u>	<u>(33 862 762)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase / (Decrease) in Borrowings		14 379 504	1 991 101
Net Cash From Financing Activities		<u>14 379 504</u>	<u>1 991 101</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACTIVITIES		<u>(12 044 539)</u>	<u>(6 367 690)</u>
Cash and cash equivalents at the beginning of the year		16 976 796	23 344 486
Cash and cash equivalents at the end of the year		4 932 258	16 976 796
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(12 044 539)</u>	<u>(6 367 690)</u>

//KHARA HAIS MUNICIPALITY

Accounting Policies for the Annual Financial Statements For the Year Ended 30 June 2011

1 BASIS OF PRESENTATION

- 1.1 The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
- 1.2 These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).
- 1.3 These accounting policies are consistent with those used to present the previous years's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.
- 1.4 The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), and where no GRAP statements existed the following statements were used in order of the preference based on Directive 5 of the Accounting Standard Board (ASB).
 - 1.4.1 International Public Sector Accounting Standard Board (IPSASB)
 - 1.4.2 International Financial Reporting Standards (IFRS)
 - 1.4.3 International Accounting Standards (IAS)
- 1.5 The statements comprise of the following as set out in Appendix C: 1 April 2010 of Directive 5 of the Accounting Standards Board:

Standard	Description	Applicable
GRAP 1	Presentation of Financial Statements	Yes
GRAP 2	Cash Flow Statements	Yes
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors	Yes
GRAP 4	The Effects of Changes in Foreign Exchange Rates	No
GRAP 5	Borrowing Costs	Yes
GRAP 6	Consolidated Financial Statements and Accounting for Controlled Entities	No
GRAP 7	Accounting for Investments in Associates	No
GRAP 8	Financial Reporting of Interests in Joint Ventures	No
GRAP 9	Revenue from Exchange Transactions	Yes
GRAP 10	Financial Reporting in Hyperinflationary Economics	No
GRAP 11	Accounting for Construction Contracts	No
GRAP 12	Inventories	Yes
GRAP 13	Leases	Yes
GRAP 14	Events After Reporting Date	Yes
GRAP 16	Investment Property	No
GRAP 17	Property, Plant and Equipment	Yes
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets	Yes
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations	No
GRAP 101	Agriculture	No
GRAP 102	Intangible Assets	Yes
IPSAS 20	Related Party Disclosures	Yes
IFRS 7 (AC 144)	Financial Instruments: Disclosures	Yes
IAS 19 (AC 116)	Employee Benefits	Yes
IAS 32 (AC 125)	Financial Instruments: Presentation	Yes
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement	Yes

- 1.6 This Municipality is a medium capacity municipality and attempted to comply with the standards as set out above.

- 1.7 Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board (SAICA).

2 USE OF ESTIMATES AND JUDGEMENTS

- 2.1 The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice (GRAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and, actual results may differ from these estimates.
- 2.2 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period which the estimates are revised and in any future affected.

3 PRESENTATION CURRENCY

- 3.1 These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

4 GOING CONCERN ASSUMPTION

- 4.1 These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

5 RESERVES

- 5.1 Capital Replacement Reserve (Distributable Reserve)
- 5.1.1 A Capital Replacement Reserve (CRR) is established with surplus cash-backed funds from the accumulated surplus for the procurement of future items of property, plant and equipment to be financed from own funds.
- 5.2 Capitalisation Reserve (Non-Distributable Reserve)
- 5.2.1 When items of property, plant and equipment are financed from own funds (Capital Replacement Reserve), a transfer is made from the Capital Replacement Reserve to the Capitalisation Reserve equal to the amount utilised for the procurement of property, plant and equipment in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).
- 5.2.2 When an item of property, plant and equipment financed from own funds is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).
- 5.3 Government Grant Reserve (Non-Distributable Reserve)

5.3.1 When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

5.3.2 When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.4 Donations and Public Contributions Reserve (Non-Distributable Reserve)

5.4.1 When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

5.4.2 When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.5 Revaluation Reserve (Non-Distributable Reserve)

5.5.1 The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP standards.

5.5.2 All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

5.5.3 All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Initial Recognition

6.1.2 Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

6.1.3 The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

6.1.4 Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

- 6.1.5 When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- 6.1.6 Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- 6.1.7 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.
- 6.1.8 Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

6.2 Subsequent Measurement

- 6.2.1 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
- 6.2.2 Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.
- 6.2.3 Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.
- 6.2.4 Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

6.3 Depreciation

- 6.3.1 Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Asset Group	Years	Asset Group	Years
Roads and Paving	3 - 50	Specialist vehicles	10 - 15
Pedestrian Malls	30	Other vehicles	4 - 10
Electricity	5 - 50	Office equipment	3 - 15
Water	3 - 50	Furniture and fittings	5 - 10
Sewerage	3 - 50	Watercraft	15 - 20
Community Buildings	5 - 30	Bins and containers	10 - 15
Community Centres	5 - 30	Specialised plant and equipment	10 - 15
Recreational Facilities	5 - 30	Other items of plant and equip	2 - 10
Security	3 - 5	Landfill sites	10 - 50
Buildings	5 - 30	Infrastructural assets	15 - 30

- 6.3.2 The above-mentioned estimated useful lives of assets are defined in more detail in Appendix B (Infrastructure Asset Classification) of the Municipality's Asset Management Policy.
- 6.3.3 Depreciation only commences when the asset is available for use, unless stated otherwise.

6.3.4 The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

6.4 Incomplete Construction Work

6.4.1 Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

6.5 Finance Leases

6.5.1 Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

6.6 Heritage Assets

6.6.1 Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Municipality assess at each reporting date if there is an indication of impairment. Subsequent to measurement, heritage assets are carried at cost less impairment losses.

6.7 Land

6.7.1 Land is not depreciated as it is deemed to have an indefinite useful life.

6.8 Derecognition of Property, Plant and Equipment

6.8.1 The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

6.8.2 The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

6.8.3 Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

7 INTANGIBLE ASSETS

7.1 Initial Recognition

7.1.1 Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

7.1.2 Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

7.1.2.1 It is technically feasible to complete the intangible asset so that it will be available for use;

7.1.2.2 Management intends to complete the intangible asset and use or sell it;

7.1.2.3 There is an ability to use or sell the intangible asset;

7.1.2.4 It can be demonstrated how the intangible asset will generate probable future economic benefits;

7.1.2.5 Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

7.1.2.6 The expenditure attributable to the intangible asset during its development can be reliably measured.

7.1.3 Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21/ IAS 36.

7.1.4 Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

7.2 Subsequent Measurement, Amortisation and Impairment

7.2.1 After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

7.2.3 After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.

7.2.4 Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

7.2.5 In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.

7.2.6 Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

7.2.7 The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

7.3 Derecognition

7.3.1 Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INVESTMENT PROPERTY

8.1 Initial Recognition

- 8.1.1 Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.
- 8.1.2 At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.
- 8.1.3 The cost of self-constructed investment property is the cost at date of completion.
- 8.1.4 Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:
- 8.1.4.1 All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- 8.1.4.2 Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- 8.1.4.3 A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- 8.1.4.4 A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
- 8.1.5 The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:
- 8.1.5.1 Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- 8.1.5.2 Property being constructed or developed on behalf of third parties;
- 8.1.5.3 Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- 8.1.5.4 Property that is being constructed or developed for future use as investment property;
- 8.1.5.5 Property that is leased to another entity under a finance lease;
- 8.1.5.6 Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- 8.1.5.7 Property held for strategic purposes or service delivery.

8.2 Subsequent Measurement - Cost Model

- 8.2.1 Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.
- 8.2.2 The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.
- 8.2.3 The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8.3 Subsequent Measurement - Fair Value Model

- 8.3.1 Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined annually by external valuers at the reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

8.4 Derecognition

- 8.4.1 An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

8.5 Transitional Provisions

- 8.5.1 The fair values of investment properties recognised in terms of GRAP 16 have been disclosed for the financial year ended 30 June 2011 (and retrospectively where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 4.

9 IMPAIRMENT OF ASSETS

9.1 Impairment of Cash Generating Assets

- 9.1.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.
- 9.1.2 If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
- 9.1.3 The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.
- 9.1.4 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.
- 9.1.5 If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
- 9.1.6 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 9.1.7 An impairment of assets carried at a revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- 9.1.8 An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- 9.1.8.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.1.9 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

- 9.1.10 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.1.11 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 9.2 Impairment of Non-Cash Generating Assets
- 9.2.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.
- 9.2.2 If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
- 9.2.3 The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
- 9.2.4 If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
- 9.2.5 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.
- 9.2.6 An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- 9.2.6.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.2.7 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
- 9.2.8 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.2.9 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.
- 9.3 Transitional Provisions
- 9.3.1 The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2011 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.
- 10 INVESTMENTS
- 10.1 Financial Instruments
- 10.1.1 Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

10.1.2 Changes in the fair value of financial instruments that are designated and effective as cash flow hedges are recognised directly in the accumulated surpluses / (deficits). Amounts deferred in net assets are recognised in the Statement of Financial Performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus / (deficit).

10.1.3 Changes in the fair value of financial instruments that do not qualify for hedge accounting are recognised in the Statement of Financial Performance as they arise.

10.2 Held-to-Maturity Investments

10.2.1 Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Municipality has the positive intention and ability to hold to maturity.

10.2.2 Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through surplus / (deficit) category are included in the Statement of Financial Performance in the period in which they arise.

11 INVENTORIES

11.1 Inventories include consumables stores, maintenance materials, spare parts for plant, equipment and land or property held for sale. Cost is determined by the weighted average method and comprises all costs of purchases, cost of development, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost or net realisable value.

11.2 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.

11.3 The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any write-down of inventories, arising from an increase in the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

11.4 Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

12 ACCOUNTS RECEIVABLE

12.1 Consumer debtors, other debtors and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables.

12.2 Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date - irrespective if arrangements with outstanding debtors have been made over a longer period - are classified as current. All amounts outstanding for more than 120 days will be deemed doubtful and are provided for as bad debt, except for schools and government debtors. Bad debt provision for 50% of all amounts outstanding for more than 120 days for schools are provided for based on the Writing-Off of Irrecoverable Debt Policy of Council. Bad debt provision for 20% of all amounts outstanding for more than 120 days for government debtors are provided for based on possible interest to be written-off.

13 ACCOUNTS PAYABLE

- 13.1 Consumer deposits, creditors and sundry creditors are stated at their nominal value and subsequently measured at amortised cost.

14 REVENUE RECOGNITION

14.1 Revenue from Exchange Transactions

- 14.1.1 Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.
- 14.1.2 Revenue from the sale of pre-paid electricity and pre-paid water sales are recognised at the point of sale and not when prepaid electricity is consumed.
- 14.1.3 Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 14.1.4 Service charges from sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 14.1.5 Interest and rentals are recognised on a time proportion basis.
- 14.1.6 Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.
- 14.1.7 Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.
- 14.1.8 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 14.1.9 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.
- 14.1.10 Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

14.2 Revenue from Non-Exchange Transactions

- 14.2.1 Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.
- 14.2.2 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.
- 14.2.3 Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

- 14.2.4 Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.
- 14.2.5 Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15 CONDITIONAL GRANTS AND RECEIPTS

- 15.1 Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

16 PROVISIONS

- 16.1 Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

17 CASH AND CASH EQUIVALENTS

- 17.1 Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are not subject to any significant risk of change in value.
- 17.2 For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.
- 17.3 Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

18 UNAUTHORISED EXPENDITURE

- 18.1 Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 IRREGULAR EXPENDITURE

- 19.1 Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20 FRUITLESS AND WASTEFUL EXPENDITURE

- 20.1 Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21 COMPARATIVE INFORMATION

21.1 Budget comparatives:

- 21.1.1 Budgeted amounts have been included in the annual financial statements in the Statement of Financial Performance for two years and in the Appendices for the current financial year only.

21.2 Prior year comparatives:

- 21.2.1 When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

22 LEASES

22.1 The Municipality as Lessee

- 22.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.
- 22.1.2 Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

22.2 The Municipality as Lessor

- 22.2.1 Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. These assets are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.
- 22.2.2 Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

23 RETIREMENT BENEFITS

- 23.1 The municipality contribute to retirement benefit plans and after retirement contributions to medical aid funds.

23.2 Defined Benefit Plans

- 23.2.1 The defined benefit funds, which are administered by independent administrators, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

23.3 Defined Contribution Plans

- 23.3.1 The contributions to fund obligations for the payment of retirement benefits are charged to the Statement of Financial Performance in the same period as the related service is provided.

23.4 Post-Retirement Medical Benefits

- 23.4.1 The Municipality provides post-retirement medical benefits to ex-employees. These benefits are charged to the Statement of Financial Performance in the year of payment. The expected costs of these are accrued over the period of employment. Independent actuaries carry out valuations of these obligations.
- 23.4.2 The municipality offered employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the scheme.

24 BORROWING COSTS

- 24.1 Borrowing costs are recognised as an expense in the Statement of Financial Performance in the period it incurred.

25 INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

- 25.1 In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are provided from cash surpluses generated and transferred to the Capital Replacement Reserve (CRR).

26 RELATED PARTIES

- 26.1 Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the Municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other Section 57 managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
- 26.2 Any services rendered to and payments made to key management personnel and councillors other than their monthly remuneration will be disclosed appropriate.

27 VALUE ADDED TAX

- 27.1 The Municipality accounts for value added taxation on a cash basis.
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//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2011 Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Heritage R	Other R	Total R
Carrying Values at 1 July 2010	54 439 104.00	167 672 364.53	1 859 565 573.55	64 719 983.42	4 273 000.00	46 722 444.94	2 197 392 470.44
Cost	54 439 104.00	177 783 424.83	2 691 394 156.61	83 581 607.09	4 273 000.00	50 297 026.31	3 061 768 318.84
Accumulated Depreciation	-	(10 111 060.30)	(831 828 583.06)	(18 861 623.67)	-	(3 574 581.37)	(864 375 848.40)
Acquisitions	-	1 714 460.69	16 281 482.10	361 491.83	-	5 538 428.22	23 895 862.84
Capital Under Construction	-	28 887.29	5 903 808.49	212 861.50	-	-	6 145 557.28
Depreciation	-	(6 457 972.91)	(122 982 790.59)	(3 108 109.06)	-	(7 594 624.20)	(140 143 496.76)
Capital assets under inventory	-	-	327 559.58	-	-	-	327 559.58
Carrying Values of disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-
Carrying Values at 30 June 2011	54 439 104.00	162 957 739.60	1 759 095 633.13	62 186 227.69	4 273 000.00	44 666 248.96	2 087 617 953.38
Cost	54 439 104.00	179 526 772.81	2 713 907 006.78	84 155 960.42	4 273 000.00	55 835 454.53	3 092 137 298.54
Accumulated Depreciation	-	(16 569 033.21)	(954 811 373.65)	(21 969 732.73)	-	(11 169 205.57)	(1 004 519 345.16)

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2010 Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community	Heritage R	Other R	Total R
Carrying Values at 1 July 2009	54 439 104.00	173 461 612.38	1 943 128 066.49	66 374 622.48	4 273 000.00	37 349 863.96	2 279 026 269.31
Cost	54 439 104.00	177 004 766.44	2 677 759 314.22	82 154 026.19	4 273 000.00	38 050 383.53	3 033 680 594.38
Accumulated Depreciation	-	(3 543 154.06)	(734 631 247.73)	(15 779 403.71)	-	(700 519.57)	(754 654 325.07)
Acquisitions	-	547 652.87	9 804 514.10	1 425 981.90	-	12 246 642.78	24 024 791.65
Capital Under Construction	-	231 005.52	3 836 467.29	-	-	-	4 067 472.81
Depreciation	-	(6 567 906.24)	(97 197 335.33)	(3 082 219.96)	-	(2 874 061.80)	(109 721 523.33)
Capital assets under inventory	-	-	-	-	-	-	-
Carrying Values of disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	(6 139.00)	1 599.00	-	-	(4 540.00)
Other Movements	-	-	-	-	-	-	-
Carrying Values at 30 June 2010	54 439 104.00	167 672 364.53	1 859 565 573.55	64 719 983.42	4 273 000.00	46 722 444.94	2 197 392 470.44
Cost	54 439 104.00	177 783 424.83	2 691 394 156.61	83 581 607.09	4 273 000.00	50 297 026.31	3 061 768 318.84
Accumulated Depreciation	-	(10 111 060.30)	(831 828 583.06)	(18 861 623.67)	-	(3 574 581.37)	(864 375 848.40)

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
1.2.	INTANGIBLE ASSETS		
	Carrying value as at 01 July 2010	3 244 626.78	4 325 664.37
	Cost	4 631 331.18	4 551 489.13
	Accumulated amortisation and impairment losses	(1 386 704.40)	(225 824.76)
	Acquisitions	71 996.11	79 842.05
	Amortisation for the year	(1 210 966.48)	(1 160 879.64)
	Carrying value of disposals	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Carrying value as at 30 July 2011	2 105 656.41	3 244 626.78
	Cost	4 703 327.29	4 631 331.18
	Accumulated amortisation and impairment losses	(2 597 670.88)	(1 386 704.40)
1.3.	INVESTMENT PROPERTY AT FAIR VALUE		
	Reconciliation of fair value		
	Balance as at 01 July	178 848 791.00	178 848 791.00
	Acquisitions	3 200 000.00	-
	Amortisation for the year	-	-
	Fair value of disposals	-	-
	Impairment loss / Reversal of impairment loss	-	-
	Transfers	-	-
	Other movements	-	-
	Carrying value as at 30 June	182 048 791.00	178 848 791.00
	No Investment property have been pledged as security		
	The effective date of the revaluations was 30 June 2011. Revaluations were performed by independent valuers, DDP Valuers, which are not connected to the entity and have recent experience in location and ategory of the investment property being valued.		
	The valuation was based on open market values for existing use.		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
2	NON-CURRENT RECEIVABLES		
	Sundry Loans	25 723	17 621
	Less : Provision for Bad Debt	-	-
	Less: Current portion transferred to current assets	(22 834)	(12 742)
	Total	2 889	4 879
3	INVENTORY		
	Consumable Stores – at Cost	4 523 366	3 623 412
	Unsold water - at Cost	181 750	161 226
		4 705 116	3 784 638
	<i>Surplus Inventory to the amount of R67,246.57 (2009 - R 1,012,450 loss) have been accounted during the year under review.</i>		
	<i>Included in consumable stock, is slow moving stock (stock showing no movement for the last 120 days) amounting to R1,216,842.34 (2009 - R 923,606). Management is in a process to do impairment tests on this items with the assistance of the technical departments.</i>		
	<i>The value and quantity of unsold water at year-end was calculated on a management estimate based on the % of the capacity of the water storage facilities and the cost per kl water purified during the financial year.</i>		
4	TRADE RECEIVABLES		
		Provision for Bad Debts	
		Gross Balances	Net Balance
	Trade receivables from Exchange Transactions	39 854 614	25 461 750
	Trade receivables from Non-Exchange Transactions	5 423 326	2 729 017
		45 277 940	28 190 767
	Trade receivables from Exchange Transactions		
		Gross Balances	Net Balance
	As at 30 June 2011	R	R
	Consumer Debtors per group		
	//Khara Hais Municipality	(1 627)	(1 627)
	Business	5 557 144	4 363 794
	District	80 296	42 569
	Domestic	16 765 598	8 062 886
	Farming	8	8
	General	363 045	263 032
	Government	8 725 421	7 855 672
	Industrial	1 235 371	1 130 700
	Other	4 036 738	988 794
	Schools/Colleges/University	1 658 198	1 321 499
	Sub-Total	38 420 191	24 027 327
	Amounts received in advance	1 434 423	1 434 423
	Total	39 854 614	25 461 750

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R	
	Trade receivables from Non-Exchange Transactions	Gross Balances	Provision for Bad Debts	Net Balance
	As at 30 June 2011	R	R	R
	Consumer Debtors per group			
	//Khara Hais Municipality	-	-	-
	Business	96 699	92 653	4 046
	District	30 897	26 234	4 663
	Domestic	3 374 405	1 622 149	1 752 256
	Farming	(8)	-	(8)
	General	29 002	2 313	26 689
	Government	265 876	105 352	160 524
	Industrial	72 653	15 574	57 079
	Other	1 146 392	829 704	316 689
	Schools/Colleges/University	(29 544)	331	(29 875)
	Sub-Total	4 986 372	2 694 309	2 292 064
	Amounts received in advance	436 953	-	436 953
	Total	5 423 326	2 694 309	2 729 017
	Trade receivables from Exchange Transactions	Gross Balances	Provision for Bad Debts	Net Balance
	As at 30 June 2010	R	R	R
	Consumer Debtors per group			
	//Khara Hais Municipality	277 266.56	-	277 266.56
	Business	4 166 772.58	752 900.09	3 413 872.49
	District	-	-	-
	Domestic	16 714 988.75	9 154 680.89	7 560 307.86
	Farming	-	-	-
	General	299 249.08	39 893.51	259 355.57
	Government	5 163 830.62	2 238 451.75	2 925 378.87
	Industrial	1 132 384.35	60 340.07	1 072 044.28
	Other	4 054 419.56	3 850 181.13	204 238.43
	Schools/Colleges/University	3 742 088.34	2 164 703.39	1 577 384.95
	Sub-Total	35 550 999.84	18 261 150.83	17 289 849.01
	Amounts received in advance	393 380.45	-	393 380.45
	Total	35 944 380.29	18 261 150.83	17 683 229.46

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
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	Trade receivables from Non-Exchange Transactions	Gross Balances	Provision for Bad Debts	Net Balance
	As at 30 June 2010	R	R	R
	Consumer Debtors per group			
	//Khara Hais Municipality	(234 698.41)	-	(234 698.41)
	Business	28 799.56	4 216.80	24 582.76
	District	-	-	-
	Domestic	3 257 903.01	1 200 894.12	2 057 008.89
	Farming	-	-	-
	General	14 140.58	9.97	14 130.61
	Government	504 855.39	208 423.36	296 432.03
	Industrial	64 315.91	11 327.91	52 988.00
	Other	1 031 414.16	33 007.59	998 406.57
	Schools/Colleges/University	7 468.62	918 308.41	(910 839.79)
	Sub-Total	4 674 198.82	2 376 188.16	2 298 010.66
	Amounts received in advance	1 091 082.27	-	1 091 082.27
	Total	5 765 281.09	2 376 188.16	3 389 092.93
	Trade and other receivables past due but not impaired			
	Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 4,636,755 (2010: R4,059,924) were past due but not impaired.			
	The ageing of amounts past due but not impaired is as follows:			
	1 month past due		1 713 868	1 622 280
	2 months past due		1 467 251	1 436 712
	3 months past due		1 455 637	1 000 933
			4 636 755	4 059 924

5	OTHER RECEIVABLES		
	Sundry Debtors	151 853	139 981
	SARS VAT Claim	567 411	1 998 265
	Monies Receivable - Various Departments	3 100 327	1 067 194
		3 819 591	3 205 439
	Due to the short term nature of these items, the carrying value approximated the fair value		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
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6	SHORT TERM INVESTMENTS		
	Total short-term Investments	12 057 284	26 241 440
	Less: Investments qualifying as Cash and Cash Equivalents	(6 294 153)	(20 536 247)
		5 763 131	5 705 193
	Investments with a maturity term of less than 3 months (90 days) are reclassified and disclosed as cash and cash equivalents.		
	It is council policy to invest surplus cash for periods not exceeding 12 months.		
	Investments to the amount of R2,647,644 (2009 - R 2,119,748) are ring-fenced specifically for employee trust accounts. Refer to note 9 for Employee benefits in trust		

7	CASH AND CASH EQUIVALENTS		
	Cashier's Float	3 660	3 660
	Petty Cash	2 000	2 000
	Investments qualifying as Cash and Cash Equivalents	6 294 153	20 536 247
	Bank Account - FNB Bank (Account 540-2371-0831)	-	207 412
	Total Cash and Cash Equivalents	6 299 813	20 749 320
	<u>Current Account (Capital Replacement Reserve)</u>		
	<i>FNB Bank Limited - Upington Branch: Account Number 540-2371-0831</i>		
	Cash book balance at beginning of year	207 412	57 660
	Cash book balance at end of year	-	207 412
	Bank statement balance at beginning of year	207 412	57 660
	Bank statement balance at end of year	-	207 412

8	NON-CURRENT BURROWINGS		
	Annuity Loans	76 762 263	62 382 759
	Less : Current portion transferred to current liabilities	(6 555 474)	(3 652 953)
	Total External Loans	70 206 788	58 729 806
	<i>(Refer to Appendix A for more detail on long-term liabilities)</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
9	TRUST ACCOUNTS		
	Gordonia Fund	364 284	364 284
	Employee Benefit Trust Accounts	2 647 644	2 119 748
	Total Trust Accounts	3 011 929	2 484 032
	Gordonia Fund		
	Balance at Beginning and end of the year	364 284	364 284
	Employee Benefit Trust Accounts		
	Balance at Beginning of Year	2 119 748	2 209 540
	Received	548 700	-
	Capital Withdraw	(102 259)	(168 100)
	Interest Received	124 412	135 548
	Interest Withdraw	(42 957)	(57 240)
	Balance at End of Year	2 647 644	2 119 748
	<i>(Employee benefit trust accounts are kept in trust for beneficiaries of deceased employees. These amounts are invested in separate investment accounts and utilised in terms of the stipulations of the curator of the estate).</i>		
10	NON-CURRENT PROVISIONS		
	Employee Benefits - Post Retirement Medical Benefits	35 533 705.50	18 233 373.00
	Employee Benefits - Long-Service	6 764 245.00	3 921 310.00
	Landfill Site	1 321 267.50	1 311 151.88
	Total Non-current Provisions	43 619 218.00	23 465 834.88
10.1	PROVISION FOR POST RETIREMENT MEDICAL BENEFITS		
		2011	2010 - RESTATED
	Post-Employment Health Care Benefit Liability	38 852 313	19 776 201
	Total: Post Retirement Medical Aid Benefit Liability	38 852 313	19 776 201
	Less: Transfer to Current Provisions	3 318 608	(1 542 828)
	Net Post-Employment Health Care Benefit Liability	35 533 706	18 233 373
	<p>The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.</p> <p>The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2011 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.</p>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
	The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	- In-service members	395	327
	- Continuation members	62	65
	Total	457	392
	The liability in respect of past service has been estimated to be as follows:		
	- In-service members	30 072 636	22 452 743
	- Continuation members	24 877 558	21 470 279
		54 950 194	43 923 022
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	- Bonitas		
	- Global Health		
	- LA Health		
	- Samwumed		
	The future service cost for the ensuing year is established to be R2,953,158 whereas the interest cost should be R4,711,414 (2010: R1,944,709 and R3,980,261 respectively)		
	The principal assumptions used for the purposes of the actuarial valuations were as follows:		
	Discount rate	8.70%	9.22%
	Health Care Cost Inflation Rate	7.30%	7.27%
	Net Effective Discount Rate	1.31%	1.82%
	Expected Retirement Age - Females	60	60
	Expected Retirement Age - Males	65	65
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	38 852 313	19 776 201
	Fair value of plan assets	-	-
		38 852 313	19 776 201
	Unrecognised liability	16 097 881	24 146 821
	Benefit Liability	54 950 194	43 923 022
	The amount recognised in the Statement of Financial Performance under employee related costs are as follows:		
	Current service cost	1 944 709	1 917 273
	Interest cost	3 980 261	3 956 198
	Benefits paid	(1 662 800)	(1 169 888)
	Transitional Liability recognised	8 048 940	8 048 940
	Actuarial (gain)/losses recognised	6 765 002	(6 030 835)
		19 076 112	7 891 576

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
	The movement in the defined benefit obligation over the year is as follows:		
	Balance at beginning of year	19 776 201	11 884 625
	Current service cost	1 944 709	1 917 273
	Interest cost	3 980 261	3 956 198
	Benefits paid	(1 662 800)	(1 169 888)
	Transitional Liability recognised	8 048 940	8 048 940
	Actuarial (gain)/losses recognised	6 765 002	(6 030 835)
	Balance at end of year	38 852 313	19 776 201
	The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:		
	Increase		
	Effect on the aggregate of the current service cost and the interest cost	7 127 900	7 126 400
	Effect on the defined benefit obligation	64 998 000	51 718 000
	Decrease		
	Effect on the aggregate of the current service cost and the interest cost	4 976 000	4 892 900
	Effect on the defined benefit obligation	46 906 000	37 670 000
	The municipality expects to make a contribution of R 1,655,808 (2010: R 1,662,800) to the defined benefit plans during the next financial year.		
	The history of experienced adjustments is as follows:		
		2011 R	2010 R
	Present Value of Defined Benefit Obligation	54 950 194	43 923 022
	Deficit	54 950 194	43 923 022
	Experienced adjustments on Plan Liabilities	-	-
10.2	LONG SERVICE AWARDS AND RETIREMENT GIFTS		
		2011	2010 - RESTATED
	Provision for Long Service Awards	9 196 531.00	7 569 739.00
	Total Provision for Long Service Awards	9 196 531.00	7 569 739.00
	Less: Transfer to Current Provisions		
	Net Long Service Awards liability	9 196 531.00	7 569 739.00

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R																																																																		
	<p>A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2011 may become entitled to in future, based on an actuarial valuation performed at that date.</p> <p>The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2011 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.</p> <p>The Long Service Awards plans are defined benefit plans. As at year end, 778 employees were eligible for Long Service Awards.</p> <p>The future service cost for the ensuing year is estimated to be R1,046,948.</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p> <table><tr><td>Discount rate</td><td>7.46%</td><td></td></tr><tr><td>Expected Rate of Salary Increase</td><td>6.23%</td><td></td></tr><tr><td>Net Effective Discount Rate</td><td>1.15%</td><td></td></tr></table> <p>The amounts recognised in the Statement of Financial</p> <table><tr><td>Present value of fund obligations</td><td>9 196 531.00</td><td>7 569 739.00</td></tr><tr><td>Fair value of plan assets</td><td>9 196 531.00</td><td>7 569 739.00</td></tr><tr><td>Unrecognised liability</td><td>(2 432 286.00)</td><td>(3 648 429.00)</td></tr><tr><td>Net liability</td><td>6 764 245.00</td><td>3 921 310.00</td></tr></table> <p>The amount recognised in the Statement of Financial Performance under employee related costs are as follows:</p> <table><tr><td>Current service cost</td><td>894 298.00</td><td>806 880.00</td></tr><tr><td>Interest cost</td><td>641 772.00</td><td>576 684.00</td></tr><tr><td>Actuarial loss/(Gain)</td><td>-</td><td>-</td></tr><tr><td>Actuarial losses unrecognised in prior year</td><td>9 196 531.00</td><td>7 569 739.00</td></tr><tr><td></td><td>(7 889 666.00)</td><td>(6 903 761.00)</td></tr><tr><td>Total included in Employee Related Costs</td><td>2 842 935.00</td><td>2 049 542.00</td></tr></table> <p>The movement in the defined benefit</p> <table><tr><td>Balance at beginning of year</td><td>3 921 310.00</td><td>1 871 768.00</td></tr><tr><td>Current service cost</td><td>894 298.00</td><td>806 880.00</td></tr><tr><td>Interest cost</td><td>641 772.00</td><td>576 684.00</td></tr><tr><td>Benefits paid</td><td></td><td></td></tr><tr><td>Transitional liability recognised</td><td>1 216 143.00</td><td>1 216 143.00</td></tr><tr><td>Actuarial (gain)/losses recognised</td><td>5 548 102.00</td><td>2 705 167.00</td></tr><tr><td>Transitional liability recognised</td><td>12 221 625.00</td><td>3 921 310.00</td></tr><tr><td>Actuarial (gain)/losses recognised</td><td></td><td></td></tr><tr><td>Balance at end of year</td><td>-</td><td>-</td></tr></table>	Discount rate	7.46%		Expected Rate of Salary Increase	6.23%		Net Effective Discount Rate	1.15%		Present value of fund obligations	9 196 531.00	7 569 739.00	Fair value of plan assets	9 196 531.00	7 569 739.00	Unrecognised liability	(2 432 286.00)	(3 648 429.00)	Net liability	6 764 245.00	3 921 310.00	Current service cost	894 298.00	806 880.00	Interest cost	641 772.00	576 684.00	Actuarial loss/(Gain)	-	-	Actuarial losses unrecognised in prior year	9 196 531.00	7 569 739.00		(7 889 666.00)	(6 903 761.00)	Total included in Employee Related Costs	2 842 935.00	2 049 542.00	Balance at beginning of year	3 921 310.00	1 871 768.00	Current service cost	894 298.00	806 880.00	Interest cost	641 772.00	576 684.00	Benefits paid			Transitional liability recognised	1 216 143.00	1 216 143.00	Actuarial (gain)/losses recognised	5 548 102.00	2 705 167.00	Transitional liability recognised	12 221 625.00	3 921 310.00	Actuarial (gain)/losses recognised			Balance at end of year	-	-		
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Balance at end of year	-	-																																																																			

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
	<p>The effect of a 1 % movement in the assumed rate of salary inflation is as follows:</p> <p>Increase</p> <p>Effect on the aggregate of the current service cost and the interest cost</p> <p>Effect on the defined benefit obligation</p> <p>Decrease</p> <p>Effect on the aggregate of the current service cost and the interest cost</p> <p>Effect on the defined benefit obligation</p>	<div> <div>1 642 992.00</div> <div>9 818 000.00</div> </div> <div> <div>1 455 981.00</div> <div>8 635 000.00</div> </div>	<div> <div>1 463 970.00</div> <div>8 040 000.00</div> </div> <div> <div>1 311 161.00</div> <div>7 142 000.00</div> </div>
	<p>The history of experienced adjustments is as follows:</p> <p>Present Value of Defined Benefit Obligation</p> <p>Deficit</p> <p>Experienced adjustments on Plan Liabilities</p>	<div> <div>2011</div> <div>9 196 531.00</div> <div>9 196 531.00</div> <div>-</div> </div>	<div> <div>2010</div> <div>7 569 739.00</div> <div>7 569 739.00</div> <div>-</div> </div>
10.3	<p><u>Landfill Site - Environmental rehabilitation</u></p> <p>Balance beginning of the period</p> <p>Contributions</p> <p>Balance at the end of the period</p> <p>//Khara Hais Municipality currently operates a landfill site. Environmental rehabilitation – environmental obligation to rehabilitate the various landfill sites upon closure.</p>	<div> <div>1 311 152</div> <div>10 116</div> <div>1 321 268</div> </div>	<div> <div>1 285 598</div> <div>25 554</div> <div>1 311 152</div> </div>
11	<p>CONSUMER DEPOSITS</p> <p>Electricity and Water</p> <p>Sundry</p> <p>Total Consumer Deposits</p> <p>Guarantees Held In Lieu of Electricity and Water Deposits</p> <p><i>Council's policy do not allow for the payment of interest on the deposits held by the municipality.</i></p>	<div> <div>4 941 705</div> <div>845 729</div> <div>5 787 435</div> <div>130 170</div> </div>	<div> <div>4 266 957</div> <div>352 768</div> <div>4 619 726</div> <div>130 010</div> </div>
12	<p>PROVISIONS</p> <p>Performance Bonusss</p> <p>Total Current Provisions</p> <p>Performance bonuses</p> <p>Balance beginning of the period</p> <p>Performance bonuses paid</p> <p>Contributions</p> <p>Balance at the end of the period</p> <p><i>Performance bonuses provided here is for the 2009/2010 and 2010/2011 financial years</i></p>	<div> <div>1 179 129</div> <div>1 179 129</div> <div>1 393 718</div> <div>(632 527)</div> <div>417 938</div> <div>1 179 129</div> </div>	<div> <div>1 393 718</div> <div>1 393 718</div> <div>1 474 679</div> <div>(382 247)</div> <div>301 285</div> <div>1 393 718</div> </div>

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
13	TRADE AND OTHER PAYABLES		
	Trade Creditors	7 840 628	10 105 208
	Payments Received in Advance	1 871 376	1 484 463
	Retentions	1 915 350	1 714 530
	Un-Identified Deposits	1 259 717	1 314 988
	Other Creditors	228 012	223 841
	Leave Accrual - Normal leave	7 803 123	5 394 468
	Leave Accrual - Long-service leave	248 962	146 773
		<u>21 167 167</u>	<u>20 384 271</u>
	Due to the short term nature of these items, the carrying value approximated the fair value		
	Leave accrual - Normal Leave		
	Balance beginning of the period	5 394 468	4 202 924
	Correction	(11 970)	
	Leave payments	(607 763)	(1 087 726)
	Contributions	3 028 389	2 279 270
	Balance at the end of the period	<u>7 803 123</u>	<u>5 394 468</u>
	Leave accrual - Long-service Leave		
	Balance beginning of the period	146 773	204 370
	Leave payments	(472 484)	(57 597)
	Contributions	574 672	-
	Balance at the end of the period	<u>248 962</u>	<u>146 773</u>
	Provision for leave values due to employees is calculated in terms of the standard conditions of employment. Provision for long service leave values due to employees is calculated in terms of councils policy.		
14	UNSPENT CONDITIONAL GRANTS AND DONATIONS		
14.1	Conditional Grants From Other Spheres of Government	18 867 167	11 054 264
	Housing	(3 407 955)	(4 549 047)
	FMG	684 905	344 538
	MSIG	403 342	165 070
	Provincial grants	823 122	1 057 914
	MIG	17 513 471	11 372 525
	Other	898 403	625 583
	Provincial LED Projects	288 956	340 182
	EPWP	1 521 889	1 556 465
	Health	141 033	141 033

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
14.2	Conditional Public Grants and Donations	20 000	10 000
	Other	20 000	10 000
	Total Unspent Conditional Grants and Donations	18 887 167	11 064 264
	<i>See Note 18 for reconciliation of grants from other spheres of government. Some of these amounts are invested in a ring-fenced investment until utilised.</i>		
	Due to the short term nature of these items, the carrying value approximated the fair value		
15	VAT PAYABLE		
	VAT Payable	3 600 405	2 955 512
	<i>VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS and claimed from SARS when actual payment of creditors are done.</i>		
16	BANK OVERDRAFT		
	Bank overdraft - ABSA Bank (Account 22-4000-0051)	1 367 555	3 772 523
	Total Bank overdraft	1 367 555	3 772 523
	<u>Current Account (Primary Bank Account)</u>		
	<i>ABSA Bank Limited - Uppington Branch: Account Number 22-4000-0051</i>		
	Cash Book Balance at Beginning of Year – Overdrawn	(3 772 523)	(2 881 208)
	Cash Book Balance at End of Year - Overdrawn	(1 367 555)	(3 772 523)
	Bank Statement Balance at Beginning of Year - (Overdrawn)	10 893 201	2 861 950
	Bank Statement Balance at End of Year	5 356 932	10 893 201

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
17	ACCUMULATED SURPLUS		
	Accumulated surplus / (deficit)	2 145 194 275	2 301 497 781
		2 145 194 275	2 301 497 781
	Reconciliation of actual Surplus/(Deficit) for the year		
	Surplus/(Deficit) as per Statement of Financial Performance	(156 373 271)	(88 342 009)
	Plus:	128 744 925	101 707 861
	Depreciation	141 354 463.24	110 882 402.97
	Redemption on external loans	(12 609 538.25)	(9 174 542.00)
	Less:	13 097 136	(8 569 566)
	Government grants and subsidies - Capex	(8 719 046)	(9 179 370)
	Employee Benefits - Contribution to provisions	21 816 183	609 804
	Actual Surplus/(Deficit) for the year	(14 531 210)	4 796 286
	Reconciliation of Actual Surplus / (Deficit)		
	Overspending on employee related costs	(7 122 598)	
	Insufficient redemption on external budgeted for	(4 492 080)	
	Interest on investments not realised	(1 144 081)	
	Island Resort revenue not realised due to floods	(2 229 156)	
	Other revenue and expenditure	456 705	
	Actual Surplus/(Deficit) for the year	(14 531 210)	
18	PROPERTY RATES		
	General Rates	39 471 694	35 997 340
	Residential & Commercial	35 722 857	32 463 929
	Agricultural	1 264 877	1 194 354
	State	2 483 960	2 339 057
	Total Assessment Rates	39 471 694	35 997 340
	Valuations	30/06/2011 R000's	30/06/2010 R000's
	Residential & Commercial	3 654 311 760	3 577 520 060
	Agricultural	483 688 840	468 374 300
	State	239 594 300	229 319 300
	Non Rateable	220 431 460	186 378 000
	Total Property Valuations	4 598 026 360	4 461 591 660
	<p><i>Valuations on land and buildings are performed every four years. The general valuation came into effect on 1 July 2010. A general rate of R0.010914 (2009/2010 - R0.01020) were applied to property valuations to determine assessment rates. Rebates of 20% were granted to state property owners until 30 June 2010. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner. The final date of payment for annually levied rates was 31 October 2010 and monthly levied by the 15th of the following month. Interest levied on outstanding rates.</i></p>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
19	SERVICE CHARGES		
	Sale of Electricity	141 878 920	108 080 508
	Sale of Water	35 926 664	34 311 969
	Refuse Removal	14 390 367	12 551 520
	Sewerage and Sanitation Charges	20 356 008	19 044 159
		212 551 959	173 988 156
20	GOVERNMENT GRANTS AND SUBSIDIES		
	Government Grants and Subsidies - Operating	81 733 418.85	70 321 799.86
	Government Grants and Subsidies - Capital	8 719 046.38	9 179 369.77
	Total Government Grants and Subsidies	90 452 465.23	79 501 169.63
	Equitable Share	40 531 654.00	31 858 878.18
	Health Subsidy	1 104 000.00	1 102 000.00
	SETA Training Subsidy	319 630.76	384 202.85
	COGHSTA Subsidy	800 000.00	-
	Housing Grants	37 056 519.69	34 224 758.17
	Health grant (Electrical Connection)	107 826.90	2 014 222.20
	INEP	310 000.00	377 832.37
	Provincial	754 792.00	1 162 915.27
	MIG	5 782 053.81	5 782 741.72
	MSIG	511 727.73	794 736.84
	Provincial LED Projects	51 226.22	167 873.99
	FMG	859 633.00	769 961.29
	Other Conditional Grants	535 134.65	861 046.75
	EPWP Grants	1 728 266.47	-
	Total Government Grants and Subsidies	90 452 465.23	79 501 169.63
20.1	Equitable Share, Health and SETA Subsidies		
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy to a maximum of R 208.46, which is funded from this grant.</i>		
	<i>The Health, SETA and other subsidies are utilised to finance the operations of the specific departments within the municipality.</i>		
20.2	Housing Grants		
	Balance unspent at beginning of year	(4 549 047.12)	2 438 828.27
	Current year receipts -	37 704 278.85	26 771 218.25
	Other transfers	493 333.36	465 664.53
	Conditions met - transferred to revenue	(37 056 519.69)	(34 224 758.17)
	Conditions still to be met - transferred to liabilities (see Note 14)	(3 407 954.60)	(4 549 047.12)
	<i>The Municipality administer the housing projects on behalf of the Department of Housing. Funding claim to be submitted to the Department of Housing for overspending.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
20.3	Health grant (Electrical Connection)		
	Balance unspent at beginning of year	141 033.42	-
	Current year receipts -	107 826.90	2 155 255.62
	Other transfers	-	-
	Conditions met - transferred to revenue	(107 826.90)	(2 014 222.20)
	Conditions still to be met - transferred to liabilities (see Note 14)	141 033.42	141 033.42
20.4	INEP Grant		
	Balance unspent at beginning of year	-	(330 167.63)
	Current year receipts -	310 000.00	708 000.00
	Other transfers	-	-
	Conditions met - transferred to revenue	(310 000.00)	(377 832.37)
	Conditions still to be met - transferred to liabilities (see Note 14)	-	-
20.5	Provincial Grants		
	Balance unspent at beginning of year	1 057 914.28	1 044 597.35
	Current year receipts	520 000.00	1 176 232.20
	Conditions met - transferred to revenue	(754 792.00)	(1 162 915.27)
	Conditions still to be met - transferred to liabilities (see Note 14)	823 122.28	1 057 914.28
	<i>The grant was utilised for the upgrading of library infrastructure and equipment as well as operating expenditure.</i>		
20.6	MIG		
	Balance unspent at beginning of year	11 372 524.91	1 239 266.63
	Current year receipts	11 923 000.00	15 916 000.00
	Other transfers	-	-
	Conditions met - transferred to revenue	(5 782 053.81)	(5 782 741.72)
	Conditions still to be met - transferred to liabilities (see Note 14)	17 513 471.10	11 372 524.91
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant. Due to critical vacant position within the Technical department, all MIG-projects could not be completed.</i>		
20.7	MSIG		
	Balance unspent at beginning of year	165 069.69	204 806.53
	Current year receipts -	750 000.00	755 000.00
	Conditions met - transferred to revenue	(511 727.73)	(794 736.84)
	Conditions still to be met - transferred to liabilities (see Note 14)	403 341.96	165 069.69
20.8	Provincial LED Projects		
	Balance unspent at beginning of year	340 182.36	973 720.88
	Current year receipts	-	-
	Adjustments directly against grant account	-	(465 664.53)
	Conditions met - transferred to revenue	(51 226.22)	(167 873.99)
	Conditions still to be met - transferred to liabilities (see Note 14)	288 956.14	340 182.36
	<i>Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Council General vote in Appendix D). No funds have been withheld.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
20.9	FMG		
	Balance unspent at beginning of year	344 537.84	114 499.13
	Current year receipts	1 200 000.00	1 000 000.00
	Conditions met - transferred to revenue	(859 633.00)	(769 961.29)
	Conditions still to be met - transferred to liabilities (see Note 14)	<u>684 904.84</u>	<u>344 537.84</u>
20.10	Other		
	Balance unspent at beginning of year	635 583.32	1 295 892.31
	Current year receipts	887 954.33	200 737.76
	Other transfers	(70 000.00)	-
	Conditions met - transferred to revenue	(535 134.65)	(861 046.75)
	Conditions still to be met - transferred to liabilities (see Note 14)	<u>918 403.00</u>	<u>635 583.32</u>
20.11	EPWP		
	Balance unspent at beginning of year	1 556 465.11	1 556 465.11
	Current year receipts	1 693 690.02	-
	Other transfers	-	-
	Conditions met - transferred to revenue	(1 728 266.47)	-
	Conditions still to be met - transferred to liabilities (see Note 14)	<u>1 521 888.66</u>	<u>1 556 465.11</u>
21	OTHER INCOME		
	Commission	302 281.38	262 102.51
	Insurance Claims	279 487.57	382 007.26
	Plan fees	511 486.61	295 686.37
	Other	2 068 138.92	1 951 685.01
	Total Other Income	<u>3 161 394.48</u>	<u>2 891 481.15</u>
22	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	105 351 848.90	80 476 552.39
	Employee Related Costs - Contributions for UIF, Pension and Medical Aid Funds	23 980 756.11	18 519 126.94
	Housing Benefits and Allowances	355 730.77	449 021.24
	Overtime Payments	9 485 058.32	6 725 968.67
	Performance Bonus	417 938.07	301 285.40
	Long-Service Awards	226 753.83	221 361.13
	Additional Pension Fund contributions per Fund rules	8 218.91	724 669.00
	Total Employee Related Costs	<u>139 826 304.91</u>	<u>107 417 984.77</u>
	<i>There were no advances to employees.</i>		
22.1	Remuneration of the Municipal Manager		
	Annual Remuneration	728 526.00	713 400.00
	Car Allowance	156 059.68	144 083.69
	Contributions to Pension, Group Life & Medical Aid Funds	15 427.68	12 841.20
	Performance Bonuses	77 000.00	-
	Total	<u>977 013.36</u>	<u>870 324.89</u>

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
22.2	Remuneration of the Chief Financial Officer		
	Annual Remuneration	600 000.00	529 200.00
	Car Allowance	93 611.16	115 431.89
	Contributions to Pension, Group Life & Medical Aid Funds	157 407.96	138 720.31
	Performance Bonuses	83 714.13	
	Total	934 733.25	783 352.20
22.3	Remuneration of the Director Technical Services		
	Annual Remuneration	637 200.00	46 993.68
	Car Allowance	56 443.56	6 484.17
	Contributions to Pension, Group Life & Medical Aid Funds	159 742.56	11 791.15
	Performance Bonuses	80 603.85	
	Total	933 989.97	65 269.00
	<i>This position was only filled for 1 month in the 2009/2010 financial year.</i>		
22.4	Remuneration of the Director Corporate Services		
	Annual Remuneration	611 700.00	500 989.68
	Car Allowance	65 854.44	119 670.57
	Contributions to Pension, Group Life & Medical Aid Funds	122 613.96	9 304.75
	Leave Gratuity	-	96 898.47
	Performance Bonuses	116 677.50	
	Total	916 845.90	726 863.47
22.5	Remuneration of the Director Development Services		
	Annual Remuneration	650 451.63	556 844.00
	Car Allowance	108 480.00	107 440.00
	Contributions to Pension, Group Life & Medical Aid Funds	1 497.36	
	Performance Bonuses	134 315.20	
	Total	894 744.19	664 284.00
	<i>Performance bonuses paid was for the 2007/2008 and 2008/2009 financial years. Performance bonuses for the 2009/2010 and 2010/2011 financial years is provided as set out in Note 12.</i>		
23	REMUNERATION OF COUNCILLORS		
	Mayor	599 159.05	514 975.37
	Speaker	483 009.69	431 663.00
	Executive Committee Members	978 321.09	931 857.00
	Councillors	3 082 171.75	2 840 442.00
	Councillors' Pension / Medical Aid Contribution	190 928.91	258 055.00
	Total Councillors' Remuneration	5 333 590.49	4 976 992.37
	In-kind Benefits		
	<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>		
	<i>The Mayor has use of a Council owned vehicle for official duties.</i>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
24	CONTRIBUTIONS TO PROVISIONS		
24.1	Bad debts	783 502.53	2 948 959.24
		<u>783 502.53</u>	<u>2 948 959.24</u>
24.2	Other contributions		
	Landfill site	10 115.62	25 553.57
	Employee Benefits - Post Retirement	18 963 132.00	584 250.00
	Employee Benefits - Long Service	2 842 935.00	-
		<u>21 816 182.62</u>	<u>609 803.57</u>
25	FINANCE COSTS		
	Non-current borrowings	7 594 126.15	6 610 502.80
		<u>7 594 126.15</u>	<u>6 610 502.80</u>
26	BULK PURCHASES		
	Electricity	77 981 123.73	60 330 319.28
	Water	1 426 612.10	2 125 432.58
		<u>79 407 735.83</u>	<u>62 455 751.86</u>
27	GRANTS AND SUBSIDIES PAID		
	Donations	670 410.56	344 703.39
	Bursaries & Other	184 998.49	245 753.00
		<u>855 409.05</u>	<u>590 456.39</u>
28	OPERATING PROJECTS		
	Housing	33 585 218.80	32 028 280.73
	Other	1 254 122.40	264 085.50
		<u>34 839 341.20</u>	<u>32 292 366.23</u>

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
29	GENERAL EXPENDITURE		
	<i>General Expenditure Includes the Following</i>		
	Insurance Cost	1 818 106.76	1 985 609.68
	Indigent subsidies paid	16 030 487.37	12 493 760.03
	Telephone Cost	2 932 590.93	2 622 683.44
	Advertisements	372 121.58	483 894.36
	Bank Charges	545 575.64	494 010.72
	Consumables & Parts	4 779 614.56	4 434 532.79
	Training	1 335 596.23	1 679 767.51
	Printing & Stationery	1 284 854.60	1 202 383.81
	Municipal Consumption (Electricity & Water)	11 092 754.39	8 304 963.61
	Fuel	2 154 503.51	1 623 752.16
	Other General Cost	17 804 605.06	14 873 942.89
	Inter Departmental Charges	35 874 719.25	44 715 567.49
		96 025 529.88	94 914 868.49
	Less: Internal Cost Recovered	(36 687 932.04)	(45 324 390.24)
		59 337 597.84	49 590 478.25
30	CASH-FLOW STATEMENT		
30.1	CASH AND CASH EQUIVALENTS FOR CASH-FLOW PURPOSES		
	Cash and Cash Equivalents as per Statement of Financial Position	6 299 813.03	20 749 319.59
	Bank overdraft as per Statement of Financial Position	(1 367 555.46)	(3 772 523.48)
		4 932 257.57	16 976 796.11
30.2	CASH GENERATED FROM / (UTILISED IN) OPERATIONS		
	Surplus for the year	(156 373 271.11)	(88 342 008.61)
	<i>Adjustment for :</i>		
	Gain on disposal of property, plant and equipment	(48 192.96)	(70 934.80)
	Contribution to non-current provisions	21 816 182.62	609 803.57
	Contribution to current provisions	783 502.53	2 948 959.24
	Non-current provisions paid during the year	(1 662 799.50)	-
	Depreciation	141 354 463.24	110 882 402.97
	Other transfers	69 765.56	(71 223.75)
	Operating Surplus Before Working Capital Changes	5 939 650.38	25 956 998.62
	(Increase) / Decrease in Consumer Debtors	(7 901 947.03)	(9 916 963.00)
	(Increase) / Decrease in Other Debtors	(614 152.40)	3 990 157.00
	Increase / (Decrease) in Unspent grants	7 822 902.99	2 526 356.00
	(Increase) / Decrease in Inventories	(920 478.31)	6 053 328.00
	Increase / (Decrease) in Trade and other payables	782 895.84	512 088.00
	Increase / (Decrease) in VAT	644 892.49	338 063.00
	Increase / (Decrease) in Consumer deposits	1 167 708.87	721 651.00
	Increase / (Decrease) in Provisions	(214 588.79)	(4 677 707.62)
		6 706 884.04	25 503 971.00

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
31	CORRECTION OF ERROR (Prior year adjustments)	2010 Adjustments	2009 Adjustments
31.1	Adjustment to Property, plant and equipment		
	Amount Previously Stated	173 461 453.44	213 923 785.00
	Depreciation of Community assets	-	(52 659 785.92)
	Landfill site capitalised	1 039 296.43	-
	Restated balance	174 500 749.87	161 263 999.08
31.2	Adjustment to Cash and Cash Equivalents		
	Amount Previously Stated	16 976 796.11	4 225 439.00
	Bank overdraft now separately disclosed	3 772 523.48	-
	Stock adjustments	-	(106 195.00)
	Restated balance	20 749 319.59	4 119 244.00
31.3	Adjustment to Non-current Provisions		
	Amount Previously Stated	-	26 309 387.00
	Non-current provisions now separately disclosed	59 625 052.88	(145 377.00)
	Restated balance	59 625 052.88	26 164 010.00
31.4	Adjustment to Employee Benefits		
	Amount Previously Stated	58 313 901.00	2 731 074.00
	Now disclosed under non-current provisions	(58 313 901.00)	(157 250.00)
	Restated balance	-	2 573 824.00
31.5	Adjustment to Provisions		
	Amount Previously stated	8 192 644.22	14 437 498.00
	Leave accrual now disclosed under creditors	(6 798 926.51)	(106 555.17)
	Restated balance	1 393 717.71	14 330 942.83
31.6	Adjustment to Creditors		
	Amount Previously Stated	14 843 030.38	-
	Leave accrual now disclosed under creditors	5 541 240.71	-
	Restated balance	20 384 271.09	-
31.7	Adjustment to Unspent Conditional Grants		
	Amount Previously Stated	-	8 868 076.00
	Leave accrual now disclosed under creditors	-	(330 167.42)
	Restated balance	-	8 537 908.58
31.8	Adjustment to Bank Overdraft		
	Amount Previously Stated	-	-
	Bank overdraft now separately disclosed	3 772 523.48	-
	Restated balance	3 772 523.48	-

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
31.9	Adjustment to Potential VAT		
	Amount Previously Stated	-	2 604 829.00
	Correction of VAT on creditors	-	12 619.83
	Restated balance	-	2 617 448.83
31.10	Adjustment to Landfill site Provision		
	Amount Previously Stated	-	-
	Correction of Landfill site	-	(1 279 716.39)
	Restated balance	-	(1 279 716.39)
31.11	Adjustment to Employee Benefit		
	Amount Previously Stated	-	-
	Correction of Employee Benefits	-	(52 551 679.00)
	Restated balance	-	(52 551 679.00)
	<i>Correction of Employee Benefits provision</i>		
31.12	Adjustment to Accumulated Surplus		
	Amount Previously Stated	-	(54 274 018.95)
	Correction of Landfill site	-	(255 942.74)
	Correction of Employee Benefits	-	36 159 218.00
	Change in accounting policy	-	2 054 079 369.98
	Restated balance	-	2 035 708 626.29
	<i>Correction of Accumulated surplus</i>		
32	RETIREMENT BENEFIT INFORMATION		
	All councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.		
33	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
33.1	Contributions to Organised Local Government		
	Opening Balance	512 138.28	539 826.00
	Council Subscriptions	707 069.15	589 372.20
	Amount Paid - Current Year	(1 219 207.43)	(617 059.92)
	Balance Unpaid (Included in Creditors)	-	512 138.28
33.2	Audit Fees		
	Opening Balance	-	44 340.08
	Current Year Audit Fees	1 478 343.85	1 478 343.85
	Amount Paid - Current Year C00238	(1 456 154.66)	(1 522 683.93)
	Balance Unpaid (Included in Creditors)	22 189.19	-

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
33.3	VAT		
	VAT input receivables and VAT output receivables are shown in Note 14. All VAT returns have been submitted by the due date throughout the year.		
33.4	PAYE		
	Opening Balance	-	17 839.00
	Current Year Payroll Deductions	14 020 736.01	8 817 675.74
	Amount Paid - Current Year	(14 020 736.01)	(8 835 514.74)
	Balance Unpaid (Included in Creditors)	-	-
33.5	Pension and Medical Aid Deductions		
	Opening Balance	-	-
	Current Year Payroll Deductions and Council Contributions	33 763 663.44	25 049 134.84
	Amount Paid - Current Year	(33 763 663.44)	(25 049 134.84)
	Balance Unpaid (Included in Creditors)	-	-
33.6	UIF Payments		
	Opening Balance	736.50	6 331.00
	Current Year Payroll Deductions and Council Contributions	1 737 930.72	1 317 890.23
	Amount Paid - Current Year	(1 738 667.22)	(1 323 484.73)
	Balance Unpaid (Included in Creditors)	-	736.50
33.7	<u>Councillor's Consumer Accounts in arrear older than 90 days</u>		
	Cllr B Adams	-	122.40
	Cllr PJ Brandt	-	10.65
	Cllr M Pakade	-	834.50
	Cllr FE Snyders	-	1 578.04
	Cllr E Olyn	-	91.60
	Cllr L Koloi	-	66.60
	Cllr M Brand	2 853.00	-
	Cllr M Kock	2 588.85	-
		5 441.85	2 703.79
33.8	Irregular or Fruitless and Wasteful Expenditure		
33.8.1	<u>Deviations with Supply Chain Policy</u>		
	Expenditure amounting to R 8,589,267 have been incurred during the year under review due to deviations from Council's Supply Chain Management Policy. These deviations have been tabled before council and have been approved.		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
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33.8.3 Fruitless and Wasteful Expenditure

Definition as per Municipal Finance Management Act:
“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

The following fruitless and wasteful expenditure have been incurred by the municipality for the year under review:

<u>Institution</u>	<u>Reason</u>	<u>Amount</u>
Development Bank of South-Africa	Commitment fees - All loans not taken up as per agreement	156 386.17
		<u>156 386.17</u>

34

RELATED PARTIES

Related party relationships exist between the municipality and the following parties:
Mayor, Speaker , Councillors, Municipal Manager and Section 57 Managers.

Related party transactions

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated

30 June 2011	Rates	Services charges & Other levies	Total 30 June 2011
Services rendered to related parties:			
Councillors	36 267	85 622.00	121 889.30
Municipal Manager & Sect 57 appointments	21 959	37 494.13	59 453.29
	58 226	123 116.13	181 342.59

30 June 2010	Rates	Services charges & Other levies	Total 30 June 2010
Services rendered to related parties:			
Councillors	19 849	56 378.30	76 227.50
Municipal Manager & Sect 57 appointments	17 360	40 244.90	57 605.30
	37 210	96 623.20	133 832.80

The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from Councillors, the Municipal Manager and section 57 personnel.

Related party transactions

The following business transactions were concluded with businesses where a councillor are a member or a director of the company.

Company's Name	Councillor	Total 30 June 2011	Total 30 June 2010
Batho Pele Helpende Hand Begrafnisondernemers CC	B Adams	32 750.00	43 500.00
		32 750.00	43 500.00

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
	The compensation of key management personnel is set out in Note 22.		
	Related Party Loans		
	Loans to senior management employees are no longer permitted since 1 July 2004		
35	CAPITAL COMMITMENTS		
	Commitments in Respect of Capital Expenditure:		
	Approved and Contracted for -	32 134 001.87	18 814 025.26
	Infrastructure	17 320 433.53	12 471 751.75
	Community	2 518 031.48	-
	Other	12 295 536.86	6 342 273.51
	Approved but not yet Contracted for -	154 276 870.00	53 813 993.00
	Infrastructure	131 833 070.00	19 419 593.00
	Community	5 113 800.00	1 360 000.00
	Other	17 330 000.00	33 034 400.00
	Total	186 410 871.87	72 628 018.26
	This expenditure will be financed from:		
	External Loans	92 832 329.53	33 173 252.07
	Government Grants	78 267 739.73	32 510 432.75
	Own Resources	15 310 802.61	6 944 333.44
		186 410 871.87	72 628 018.26
	The Funding to finance the capital commitment are secured.		
36	CONTINGENT LIABILITIES		
		158 514 782	158 475 235
	//Khara Hais Municipality / SAD	149 425 000	149 425 000
	Claim by SAD for damages incurred during a fire. SAD claim negligence on the part of //Khara Hais Municipality. Claim to be defended.		
	//Khara Hais Municipality, K Sani & M Eland / Delida Nugent	100 000	100 000
	Applicant claims unlawful arrest against //Khara Hais Municipality. Claim to be defended		
	//Khara Hais Municipality / SA Local Authorities Pension Fund	1 227 942	1 227 942
	Claim for amounts allegedly not paid to SALA Pension Fund. Claim to be defended.		
	//Khara Hais Municipality / Holtzhausen Familie Trust	40 100	40 100
	Claims for damages to property of the applicant. Claim to be defended		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
	<p>Claim from JHJ Van Niekerk 28 030 28 030 <i>Claim for burns to Mr Van Niekerk's son at Eiland Resort. //Khara Hais Municipality lost the case, but an appeal was lodged.</i></p> <p>//Khara Hais Municipality / Tauris Garden Trading 500 CC 7 554 163 7 554 163 <i>A road-work tender awarded to Tauris Garden Trading 500 CC. Applicant could not comply with tender conditions, and tender was cancelled by means of a court order before any work was done. Applicant lodged an appeal.</i></p> <p>//Khara Hais Municipality / Long Homes (Pty) Ltd - 100 000 <i>Claim for loss of revenue. Settlement were reached outside of court during 2010/2011 and a settlement amount of R450 000.00 were paid.</i></p> <p>//Khara Hais Municipality / SA Music Rights Organisation Ltd 15 685 - <i>Claim for loss of revenue relating to copyright.</i></p> <p>//Khara Hais Municipality / Arrie Jors 100 000 - <i>Claim for improper eviction and property damages. Claim to be defended. Amount unknown but will not be less than mentioned amount.</i></p> <p>//Khara Hais Municipality / Coca Cola Fortune (Pty) Ltd 23 862 - <i>Claim for cost of repair of vehicle damaged in a accident</i></p>		
37	<p>CONTINGENT ASSET</p> <p>//Khara Hais Municipality / J Modisi <i>Claims for fraudulent payments made against houses repaired. Investigation ongoing and amount unknown</i></p>		
38	<p>COMPARISON WITH THE BUDGET</p> <p>The municipality's actual financial performance compared with the approved budgeted is set out in Annexures E.</p>		
39	<p>FINANCIAL RISK MANAGEMENT</p> <p>The activities of the municipality expose it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
39.1	<p>Foreign Exchange Currency Risk</p> <p>The municipality does not engage in foreign currency transactions.</p>		
39.2	<p>Interest Rate Risk</p> <p>The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain 100% of its borrowings in fixed rate instruments.</p> <p>At year end, financial instruments exposed to interest rate risk were as follows:</p> <ul style="list-style-type: none"> - Call deposits - Notice deposits - Development Bank of South Africa loans - ABSA Bank Loans 		
39.3	<p>Credit Risk</p> <p>Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.</p> <p>Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.</p> <p>Financial assets exposed to credit risk at year end were as follows:</p> <ul style="list-style-type: none"> - ABSA Bank Current account - Trade and other receivables <p>These balances represent the maximum exposure to credit risk.</p> <p>Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services customers but in practice this is sometimes difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.</p>		
39.4	<p>Liquidity Risk</p> <p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.</p> <p>Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.</p>		

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2011

Note	Description	2011 R	2010 R
40	EVENTS AFTER REPORTING DATE		
40.1	During August 2011 the employee's unions SAMWU and IMATU implemented strike actions due to unresolved wage increases. The unions demand 18% while the municipality's governing body, SALGA only offers 6.08%. The demand for 18% wage increase will impact the budgets of member municipalities adversely. To date, no resolution have been reached on this.		
40.2	Loans to the amount of R73.1 million (R26.3 million for vehicles and R46.8 million for infrastructure development) are planned to be taken up in the 2011/2012 financial year. These loans will be obtained from Standard Bank and negotiations are under way regarding the best interest rate.		

//KHARA HAIS MUNICIPALITY

APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

External Loans	Loan Number	Redeemable	Loan term	Interest Rate (Fixed)	Balance at 01/07/2011	Received During the Period	Re-allocations	Interest Levied	Redeemed During the Period	Balance at 30/06/2011	Other Costs in Accordance With the MFMA
					R	R			R	R	R
Annuity Loans											
Development Bank of SA	exl 2	31/03/2015	20 years	12.00%	1 110 366	-		119 516	(293 089)	936 793	-
Development Bank of SA	exl 1	31/03/2021	20 years	16.50%	8 988 575	-		1 466 247	(1 907 613)	8 547 210	-
Development Bank of SA	GA2036	31/12/2012	7 years	12.98%	1 150 316	650 440		179 151	(388 725)	1 591 182	-
Development Bank of SA	GA2037	31/12/2028	20 years	12.59%	16 420 179	4 590 501	217 278	2 213 957	(2 844 334)	20 597 580	-
Development Bank of SA	GA2038	31/12/2023	15 years	6.75%	24 634 370	578 387	(217 278)	1 659 132	(2 627 056)	24 027 554	-
ABSA Bank	6309/6496	31/08/2015	10 years	10.04%	1 936 844	-		185 120	(478 934)	1 643 031	-
ABSA Bank	6353/0507	02/11/2015	10 years	10.07%	1 354 125	-		127 941	(319 718)	1 162 348	-
ABSA Bank	6396/1623	31/12/2015	10 years	10.12%	3 318 142	-		327 539	(800 664)	2 845 016	-
ABSA Bank	6447/8475	29/02/2016	10 years	10.17%	3 469 842	-		338 306	(802 957)	3 005 191	-
ABSA Bank						3 200 000		179 892	(794 964)	2 584 928	
ABSA Bank						10 500 000		672 914	(1 351 484)	9 821 429	
TOTAL EXTERNAL LOANS					62 382 759	19 519 328	-	7 469 714	(12 609 538)	76 762 263	-

//KHARA HAIS MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011

	Cost / Revaluation					Accumulated Depreciation					Carrying Value	Budget Additions 2011
	Restated Opening Balance	Additons	Under Construction	Disposals	Closing Balance	Restated Opening Balance	Additons	Disposals	Impairment	Closing Balance		
<u>Land and Buildings</u>												
Land	54 439 104	-	-		54 439 104						54 439 104	
Buildings	177 783 425	1 714 461	28 887		179 526 773	-10 111 060	-6 457 973			-16 569 033	162 957 740	
	232 222 529	1 714 461	28 887	-	233 965 877	-10 111 060	-6 457 973	-	-	-16 569 033	217 396 844	-
<u>Infrastructure</u>												
Roads	975 520 024	4 617 258	1 990 044		982 127 327	-210 932 856	-74 354 811			-285 287 667	696 839 660	
Electricity	571 354 021	10 369 234	990 192		582 713 447	-224 236 238	-18 642 347			-242 878 584	339 834 863	
Sewerage Mains & Purification	209 420 650	1 053 463	-		210 474 113	-122 378 671	-5 111 927			-127 490 598	82 983 515	
Stormwater	121 872 059	-	-		121 872 059	-28 495 599	-2 464 006			-30 959 604	90 912 455	
Water Mains & Purification	629 229 761	186 919	2 923 572		632 340 253	-158 420 567	-16 438 182			-174 858 749	457 481 504	
Solid waste	8 584 050	-	-		8 584 050	-5 464 919	-683 633			-6 148 552	2 435 498	
Railway infrastructure	56 500 160	-	-		56 500 160	-27 394 674	-2 008 462			-29 403 137	27 097 023	
	2 572 480 725	16 226 875	5 903 808	-	2 594 611 408	-777 323 523	-119 703 368	-	-	-897 026 890	1 697 584 518	-
<u>Community assets</u>												
Community Assets	83 583 017	361 492	212 862		84 157 370	-18 861 682	-3 108 168			-21 969 850	62 187 520	
	83 583 017	361 492	212 862	-	84 157 370	-18 861 682	-3 108 168	-	-	-21 969 850	62 187 520	-
<u>Heritage Assets</u>												
Heritage Assets	4 273 000	-	-		4 273 000						4 273 000	
	4 273 000	-	-	-	4 273 000	-	-	-	-	-	4 273 000	-
<u>Other Assets</u>												
Site Furniture	9 308 023	481 622	-		9 789 645	-453 190	-407 156			-860 346	8 929 299	
Vehicles and Movable Assets	39 842 393	5 111 413	-		44 953 806	-3 397 350	-6 683 560			-10 080 910	34 872 896	
Other Fixed Assets	215 793	-	-		215 793	-17 357	-4 410			-21 767	194 026	
	49 366 209	5 593 035	-	-	54 959 244	-3 867 898	-7 095 126	-	-	-10 963 024	43 996 221	-
GRAND TOTAL	2 941 925 480	23 895 862	6 145 557	-	2 971 966 900	-810 164 163	-136 364 634	-	-	-946 528 797	2 025 438 103	-

//KHARA HAIS MUNICIPALITY

APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011

	Cost / Revaluation				Accumulated Depreciation					Carrying Value	Budget Additions 2011
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
1 Executive & Council	226 600 533	2 049 615	28 887	228 679 035	9 725 121	6 368 417			16 093 538	212 585 497	
2 Finance & Admin	1 391 869	170 971		1 562 840	129 950	348 624			478 574	1 084 267	
3 Planning & Development	529 504	43 501		573 005	57 304	122 587			179 890	393 115	
4 Health	1 119 619	30 807		1 150 426	157 340	269 857			427 197	723 229	
5 Community & Social	97 748 116	469 984	212 862	98 430 961	19 659 116	3 941 935			23 601 051	74 829 911	
6 Housing				-					-	-	
7 Public Safety	307 816	44 762		352 578	36 549	76 846			113 395	239 183	
8 Sport & Recreation	1 651 049			1 651 049	4 926	45 183			50 109	1 600 940	
9 Environmental Services				-					-	-	
10 Waste Management	218 137 483	1 061 590		219 199 073	128 430 744	5 879 772	-	-	134 310 516	84 888 557	
11 Roads	1 161 715 418	5 091 995	1 990 044	1 168 797 457	267 223 612	79 192 178			346 415 790	822 381 667	
12 Water	629 591 189	186 919	2 923 572	632 701 680	158 484 661	16 527 213			175 011 873	457 689 807	
13 Electricity	572 314 715	10 369 234	990 192	583 674 141	224 270 610	18 879 296			243 149 906	340 524 236	
14 Other	30 818 169	4 376 485		35 194 654	1 984 232	4 712 727			6 696 959	28 497 695	
TOTAL	2 941 925 480	23 895 862	6 145 557	2 971 966 900	810 164 163	136 364 634	-	-	946 528 797	2 025 438 103	-

//KHARA HAIS MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
34 974 268	10 300 243	24 674 025	Executive & Council	43 905 886	29 969 578	13 936 308
48 583 324	49 154 056	-570 732	Finance & Admin	46 221 829	59 690 974	-13 469 144
707 229	5 847 191	-5 139 962	Planning & Development	2 619 671	10 647 706	-8 028 035
1 125 993	3 510 094	-2 384 100	Health	1 118 638	4 437 100	-3 318 462
1 328 427	2 975 626	-1 647 198	Community & Social	884 524	8 353 449	-7 468 925
34 224 758	33 909 287	315 472	Housing	37 005 995	37 018 810	-12 815
5 780 298	13 187 468	-7 407 171	Public Safety	6 717 321	16 196 777	-9 479 456
5 330 074	19 900 638	-14 570 564	Sport & Recreation	4 407 135	24 168 189	-19 761 053
0		0	Environmental Services	0	0	0
31 595 679	38 620 515	-7 024 836	Waste Management	34 785 448	46 103 089	-11 317 640
158 270	10 189 064	-10 030 794	Road Transport	480 591	91 863 368	-91 382 777
34 374 713	27 537 221	6 837 491	Water	36 107 567	47 790 808	-11 683 241
108 227 631	83 330 232	24 897 399	Electricity	142 579 114	126 148 512	16 430 602
136 202	1 314 539	-1 178 337	Other	934 703	7 974 472	-7 039 769
306 546 867	299 776 173	6 770 695	TOTAL	357 768 423	510 362 831	-152 594 409

//KHARA HAIS MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/2011 Actual R	2010/2011 Budget R	2010/2011 Variance R	2010/2011 Variance %	Explanation of Significant Variances
REVENUE					
Property rates	39 471 694	39 449 041	22 653	0.1%	
Service charges	212 551 959	215 341 109	-2 789 150	-1.3%	
Rental of facilities and equipment	4 403 694	4 764 554	-360 860	-7.6%	Eiland Resort were closed for 2 months due to the floods
Interest earned - external investments	855 919	2 000 000	-1 144 081	-57.2%	915 Housing project grant received late and overspending on employee costs
Interest earned - outstanding receivables	2 122 737	2 085 518	37 219	1.8%	
Fines	1 385 582	1 551 393	-165 811	-10.7%	Fines did not materialise
Licences and permits	1 554 264	1 466 478	87 786	6.0%	More vehicles resulted in more licences and permits payable
Income for agency service	3 074 867	3 003 953	70 914	2.4%	
Employee housing	101 390	91 813	9 577	10.4%	Increase in rent payable
Government grants and subsidies - Operating	81 733 419	82 888 509	-1 155 090	-1.4%	
Government grants and subsidies - Capital	8 719 046	-	8 719 046	100.0%	Not part of original operating budget, but part of capital budget
Other income	3 161 394	2 599 656	561 738	21.6%	
	359 135 964	355 242 024	3 893 940	1.1%	
Less: Revenue foregone	-1 367 542	-1 434 403	66 861	-4.7%	
Total Revenue	357 768 423	353 807 621	3 960 802	1.1%	
EXPENDITURE					
Employee related costs	139 826 305	132 703 707	-7 122 598	-5.4%	Difference is due to Overtime paid
Remuneration of councillors	5 333 590	5 223 637	-109 953	-2.1%	More councillors after the May 2011 Elections
Contributions to provisions - Bad debts	783 503	530 000	-253 503	-47.8%	Slow down in economy lead to lower payment ratio's
Contributions to provisions - Other	21 816 183	-	-21 816 183	100.0%	Provision for Employee Benefits
Collection cost	162 850	201 400	38 550	19.1%	Savings on collection costs
Depreciation and amortisation expense	141 354 463	22 665 224	-118 689 239	-523.7%	GRAP 17 implemented during the 2010/2011 financial year
Repairs and maintenance	10 439 400	11 410 002	970 602	8.5%	Better maintenance and usage of equipment resulted in savings
Finance costs	7 594 126	6 544 510	-1 049 616	-16.0%	Additional loans taken up to fund capital expenditure
Bulk purchases	79 407 736	79 812 866	405 130	0.5%	
Contracted services	12 439 382	11 928 569	-510 813	-4.3%	
Grants and subsidies paid	855 409	626 100	-229 309	-36.6%	Donations and bursaries to community organisations and individuals
Operating projects	34 839 341	38 173 272	3 333 931	8.7%	All operating projects did not realise
General expenses	59 337 598	58 586 100	-751 498	-1.3%	
Total Expenditure	514 189 887	368 405 387	-145 784 500	-39.6%	
Gain / (loss) on sale of assets	48 193	50 000	1 807	3.6%	
NET SURPLUS/(DEFICIT)	-156 373 271	-14 547 766	-141 821 891	974.9%	

//KHARA HAIS MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2010/2011 Actual R	2010/2011 Budget R	2010/2011 Variance R	2010/2011 Variance %	Explanation of Significant Variances
Executive & Council	2 078 502	1 549 000	529 502	34.18%	
Finance & Admin	170 971	4 082 917	(3 911 946)	-95.81%	
Planning & Development	43 501	1 938 324	(1 894 823)	-97.76%	
Health	30 807	2 604	28 203	1083.06%	
Community & Social	682 845	-	682 845	100.00%	
Housing	-			0.00%	
Public Safety	44 762	77 142	(32 380)	-41.98%	
Sport & Recreation	-	43 700	(43 700)	-100.00%	
Environmental Services	-			0.00%	
Waste Management	1 061 590	3 217 501	(2 155 911)	-67.01%	
Road Transport	7 082 039	20 409 901	(13 327 862)	-65.30%	
Water	3 110 492	4 982 763	(1 872 271)	-37.57%	
Electricity	11 359 426	13 657 032	(2 297 606)	-16.82%	
Other	4 376 485	180 893	4 195 592	2319.38%	
GRAND TOTALS	30 041 420	50 141 777	(20 100 357)	-40.1%	